



STATE OF INDIANA

DEPARTMENT OF FINANCIAL INSTITUTIONS



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NOTICE TO UNLICENSED INDIANA LENDERS WHO ARE SOLICITING BUSINESS IN INDIANA

Investigation by the Indiana Department of Financial Institutions ("Department") has determined that your company is among several unlicensed entities making or offering consumer loans to residents of Indiana via the internet.

Depending on the type of loan being offered, your company is in violation of IC 24-4.5-3-502 and/or IC 24-4.5-7-102. These statutes reference consumer loans, and/or Small Loans (commonly referred to as "Payday Loans") and require a license issued by this office in order to make these consumer loans.

During the recently concluded session of the Indiana General Assembly, there was a change to the statute governing the territorial application of the Indiana Uniform Consumer Credit Code, including the Indiana Small Loan Act. Effective July 1, 2007, IC 24-4.5-1-201 requires internet lenders to be licensed, and to comply with Indiana law, when making loans to Indiana residents. Additionally, IC 24-4.5-1-201(8) reads "If a creditor has violated the provisions of this article that apply to the authority to make consumer loans (IC 24-4.5-3-502), the loan is void and the debtor is not obligated to pay either the principal or loan finance charge, as set forth in IC 24-4.5-5-202."

You are advised to Cease and Desist the offering of these types of loans to Indiana residents unless/until you have obtained the proper Indiana loan license. Consumers will be advised that these loans are not in compliance with Indiana Statutes and that these loans are considered null and void, and as a result, uncollectible. Additionally, the Department may seek injunctive relief under IC 24-4.5-6 in the event of continued non-compliance.

All Financial Institutions operating within the state of Indiana will be advised that electronic payment and / or paper/check transactions connected with these illegal loans should be rejected if an entity is unlicensed. Consumers will also be advised on the procedure to stop electronic debits to their accounts using return codes.

Questions concerning the acquisition of a loan license may be directed to this office. Information is also available via our website at www.in.gov/dfi

Sincerely,

Mark B. Tarpey

Mark B. Tarpey
Supervisor – Consumer Credit Division